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ECC wants National Highway Authority remodel plan within a month

• Defers decision on turning Rs2tr loans of the authority into grant • Planning Commission told to find alternative sources of funds for Karachi projects

ISLAMABAD: The Economic Coordination Committee (ECC) of the federal cabinet on Wednesday granted a one-month moratorium to the National Highway Authority (NHA) to work out details for payment of dues and present recommendations regarding its financial viability.

Like last year, the ECC also constituted a sub-committee under the federal Minister for Planning Development and Special Initiatives Asad Umar to suggest revenue generation model for the NHA, as the issue of conversion of about Rs2 trillion of NHA loans into grant remained unresolved.

The ECC meeting presided over by Adviser to the Prime Minister on Finance and Revenue Dr Abdul Hafeez Shaikh, however, approved waiver of duty on import of cotton yarn and ordered priority berthing of wheat and sugar imports. The communication division had earlier requested the ECC to convert the NHA's loans into government grant or to waive off the loan.

On Wednesday, a detailed presentation was made before the ECC to remodel the NHA as a self-sustaining and performance-based organisation. Subsequently, the ECC constituted a sub-committee under Mr Umar's chairmanship and comprising Minister for Maritime Affairs Ali Zaidi, Special Assistant to Prime Minister on Petroleum Nadeem Babar and the federal secretaries of the finance and communications ministries.

The subcommittee was tasked with the preparation of a 'holistic proposal' suggesting a revenue generation roadmap for the NHA within a month.

The NHA and communication ministry have been seeking an end to the practice of extending 'unsolicited expensive loans' to the NHA by the federal government through its 'imposed projects', which piled up to over Rs2 trillion Cash Development Loans (CDLs). It is argued that this has been hampering NHA's smooth operations and commercially viable projects.

The ECC had last year constituted an inter-ministerial committee led by Mr Umar that supported the move and has finalised criteria for selection of projects for the NHA to be considered for the CDL, grant or deposit work. The CDLs are typically contracted by the federal government at 2-5 per cent interest, mostly from international lending agencies and relent to various corporations and public sector entities at 14-15pc mark-up.

Karachi plan

The ECC deferred the issue of Karachi development plan to its next meeting for a detailed discussion after the Ministry of Planning, Development and Special Initiatives in a presentation proposed to the committee that the Supreme Court (SC) be requested to order the utilization of the Rs460 billion Bahria Town Karachi (BTK) penalty proceeds for those projects adopted by the federal government for Rs739bn worth of the Karachi Transformation Plan.

The real estate developer is reported to have deposited about Rs58bn — Rs52.6bn in principal installments and Rs5.4bn in mark-up — of the Rs460bn penalty to the SC on account of the cost of government land.

The Ministry of Finance also suggested to the Planning Commission to work out some alternative plan in case of unavailability of the BTK proceeds and advocated diversion of Public Sector Development Programme (PSDP) funds through technical supplementary grants or public-private partnership (PPP).

According to the planning division, the federal government had committed to undertake Rs739bn worth of KTP projects through its agencies over the next three years and wanted to use three financing avenues — PSDP including foreign funding, PPP and the SC funds.

The major projects under the KTP include Greater Karachi Water Supply Porject (K-IV), settlement of displaced persons in flats to ensure clearance of nullahs and rivers, Green Line BRT, Karachi Circular Railway and railway line freight corridor from Karachi Port to Pipri.

Cotton yarn import

The ECC approved the commerce ministry proposal for removal of 5pc regulatory duty on import of cotton yarn till June 30, 2021 to enhance value-added exports.

The Ministry of Commerce also proposed that the ECC decision, dated Oct 19 regarding procedure for registration under concessionary regime of electricity, RLNG and gas in export-oriented sectors (erstwhile zero-rated sectors), be reconsidered. After discussions, Dr Shaikh asked the ministry officials to maintain status quo with the condition that the FBR may register new manufacturers or exporters in five export-oriented sectors (erstwhile five zero-rated sectors) in coordination with the commerce ministry.

The ECC also approved a summary presented by the Industries and Production Division for release of Rs410 million to Pakistan Steel Mills (PSM) for payment to Sui Southern Gas Company against gas supply through a technical supplementary grant. It was reported that the SSGC was providing a minimum gas supply of about 2 million cubic feet per day (MMCFD) to keep its coke oven batteries and refectory kilns operational.

The ECC approved allocation of up to 9.5MMCFD gas from PPL's Benari X-I discovery to the SSGCL. Similarly, allocation of 10MMCFD gas from PPL's Hadaf X-I to SSGCL was also approved.

The ECC also approved allocation of Rs38 million additional funds for maintenance of Islamabad High Court (IHC) building and judges' residences through technical supplementary grants on the request of the Ministry of Housing and Works.

For wheat and sugar import, the minister for maritime affairs raised the matter of priority berthing. The ECC directed its logistics committee to ensure berthing of wheat and sugar vessels on priority keeping in view that other imports are not affected.